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National Tariff

Commission Association

Report of an investigation
of the Tariff Board by a...

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1911

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REPORT
OF AN INVESTIGATION OF
THE TARIFF BOARD

BY

A COMMITTEE OF THE
NATIONAL TARIFF
COMMISSION ASSOCIATION

JUNE 14, 1911

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MESSAGE OF PRESIDENT TAFT TO CONGRESS

PRESIDENT TAFT, in response to a request from Congress for information concerning certain work of the Tariff Board, transmitted a special Message under date of June 20, 1911, in the course of which, referring to the Report printed herewith, transmitted by him to Congress, he said:

"In order that Congress may more fully understand what the board of experts is engaged in, I transmit, in connection with their statement, a report by a committee of the National Tariff Commission Association, which applied to me for permission to investigate the methods of procedure of the board of experts and the scope and progress of the work.

"Their judgment is shown in the following paragraph:

"In conclusion, our committee finds that the Tariff Board is composed of able, impartial, and earnest men, who are devoting their energies unreservedly to the work before them; that the staff has been carefully selected for the work in view, is efficiently organized and directed, and includes a number of exceptionally competent technical experts; that the scale of salaries is reasonable, indeed very moderate, and that all other expenditures are closely scrutinized and appear to be equally reasonable; that the work of the board, vast and intricate in detail, is already highly organized, well systematized, and running smoothly; and that Congress and the people can now await the completion of that work with entire confidence that it is progressing as rapidly as consistent with proper thoroughness, and that it will amply justify all of the time and expense which it entails. We believe that the value of the work when completed will be so great and so evident as to leave remaining no single doubt as to the expediency of maintaining it as a permanent function of the Government for the benefit of all the people."

PRELIMINARY CORRESPONDENCE

THE NATIONAL TARIFF COMMISSION ASSOCIATION.

Boston, June 16, 1911.

HON. WILLIAM H. TAFT, *President*,
THE WHITE HOUSE,
WASHINGTON, D. C.

Sir:—In your letter of May 4, 1911, granting the request of the National Tariff Commission Association for permission to investigate, through a Committee, the organization and methods of the Tariff Board, you indicate that you would like to receive a copy of the Report of that Committee.

Our Committee having completed its work, I beg to hand you herewith a copy of its Report, the findings of which confirm and strengthen the principle for which our Association stands, namely, that an independent Tariff Board or Commission should be made a permanent part of the Federal Administration, for the purpose of investigating the technical and statistical facts relating to the Tariff, and reporting thereon for the information of Congress and the Executive. The Report indicates also that no material changes are needed in the form of legislation to this end which we have heretofore advocated before Congress.

The men appointed to serve on this Committee were selected with special reference to their experience and fitness to conduct the investigation. Geographically they represent New England, New York, Ohio, Illinois, Wisconsin and Texas. In business relations they represent widely diversified interests. Their character and standing are such as to entitle their findings to public respect and confidence.

Very respectfully,

NATIONAL TARIFF COMMISSION ASSOCIATION,

JOHN CANDLER COBB, *President*.

THE NATIONAL TARIFF COMMISSION ASSOCIATION.

Boston, May 1, 1911.

HON. WILLIAM H. TAFT,
PRESIDENT OF THE UNITED STATES,
WASHINGTON, D. C.

Sir:—On behalf of the National Tariff Commission Association, I am instructed to request from you authority for a Committee appointed by our organization to investigate the work of the Tariff Board with a view to seeing in how far the structure of the Board and its methods and systems agree with the broad principle of scientific reconstruction of the tariff-making system, for which we stand and which you have so ably and earnestly advocated.

The object of this request is to enable us to consider and decide whether or not the work and experience of the Board created by you indicates the desirability of any changes in the form of legislation, to make permanent the idea of an independent Board or Commission to scientifically and authoritatively make investigations and gather facts for the use of Congress in the consideration of Tariff Legislation.

In the report of our members contemplated by this request, the Committee would of course confine itself to methods and systems and make no reference to information in the hands of the Board relating to specific schedules or uncompleted reports.

Very respectfully,

JOHN CANDLER COBB, *President.*

THE WHITE HOUSE,
Washington.

May 4, 1911.

My Dear Mr. Cobb:—I transmitted your letter of May 1st to Chairman Emery of the Tariff Board for the comment of the Board, and send you herewith a copy of his reply, which is self-explanatory. I accordingly have much pleasure in granting the request you make on behalf of your Association, and shall be very glad if the Committee making the investigation will send me a copy of its findings.

Sincerely yours,

WM. H. TAFT.

JOHN CANDLER COBB, ESQ.,
PRESIDENT, NATIONAL TARIFF COMMISSION ASSOCIATION.

THE TARIFF BOARD,
Treasury Building, Washington.

May 2, 1911.

Dear Mr. President:—I have just received your note of May 1st enclosing letter from Mr. John Candler Cobb, President of the National Tariff Commission Association, asking authority from you to investigate the work of the Tariff Board, with the view to ascertaining how far the work up to date, and the program for the future, is in accordance with the principles advocated by this Association for the establishment of a permanent Tariff Board or Commission.

I beg to say that the Tariff Board are unanimous in welcoming this proposal, and that we shall be very glad indeed to have a committee of the National Tariff Commission Association make a thorough examination of our work, and to offer them every facility for doing so.

It is, of course, understood that no information given to us in confidence will be open to them, but this is not necessary for their purposes. Furthermore, we hope that this investigation may be made thoroughly, and that they will frankly report to you any criticisms which they may have to make of the work as now undertaken, so that we may benefit by them.

Sincerely yours,

HENRY C. EMERY.

THE PRESIDENT,
THE WHITE HOUSE.

REPORT
OF AN
Investigation of the Tariff Board
BY
A COMMITTEE OF THE NATIONAL TARIFF
COMMISSION ASSOCIATION

New York, June 14, 1911.

MR. JOHN CANDLER COBB, *President*,
THE NATIONAL TARIFF COMMISSION ASSOCIATION.

Dear Sir:—

UNDER the permission given, at your request, by President Taft, in his letter to you of May 4, 1911, the Committee of our Association selected to investigate and report on the organization, methods and work of the Tariff Board submits the subjoined Report.

The President's action was predicated on the concurrence of the Tariff Board, whose Chairman, in a letter to the President dated May 2, 1911, wrote:

"I beg to say that the Tariff Board are unanimous in welcoming this proposal, and that we shall be very glad indeed to have a Committee of the National Tariff Commission Association make a thorough examination of our work, and to offer them every facility for doing so."

Five members of our Committee went to Washington in order personally to investigate the organization and work of the Tariff Board, with which most of them were previously more or less familiar, and devoted much additional time to reviewing the information thus obtained and in reaching conclusions thereon. We undertook the investigation with open minds, without previous commitment or prejudice, either for or against the Tariff Board and its methods. Our effort throughout was to ascertain *facts*.

The conclusions reached represent the unanimous judgment of the Committee.

Our investigation was so thorough, and the information gathered so voluminous, that our record of the results is necessarily somewhat extensive. To facilitate its use we have divided it into two parts, namely, the Report, which summarizes the essential facts and states our conclusions thereon, and a Supplement, which contains a historical review of the Tariff Board and gives the detailed information on which our conclusions are based. Those who desire a full understanding of the matter should read both papers.

The Committee desires to record its appreciation of the cordial co-operation and assistance given to it throughout by each and all of the members of the Tariff Board. Unlimited opportunity was afforded us in our investigations of the work and methods of the Board, the organization of the staff, the rates of salaries paid, and the kind and amount of all other expenses incurred. Every inquiry by us was responded to unreservedly and satisfactorily. We are justified, therefore, in stating that our conclusions are based upon a full and intelligent understanding of the facts.

Respectfully,

HENRY R. TOWNE, *Chairman,*

President The Merchants' Association of New York.

JOHN KIRBY, JR.,

President National Association of Manufacturers.

CHARLES M. JARVIS,

Vice-President National Association of Manufacturers.

H. E. MILES,

Ex-President Nat'l Ass'n of Implement and Vehicle Mfrs.

J. J. CULBERTSON,

President Southern Cottonseed Crushers' Association.

FRANCIS T. SIMMONS,

Member Executive Council, Chicago Ass'n of Commerce.

REPORT

I: ORGANIZATION OF THE TARIFF BOARD.

THE Tariff Board was created in September, 1909, and, under the instructions of President Taft, devoted itself exclusively to work relating to the application of the maximum and minimum Tariff rates, in our treaties with foreign countries, until April 1, 1910. For reasons explained in the Supplement, the Board was not organized for its permanent work until October 1, 1910. All that has been accomplished in investigations, statistical work and reports has been done since the latter date.

Our Committee was favorably impressed with the character, ability and fitness of the members of the Tariff Board appointed by President Taft. We think it fortunate that the country has been able to secure, for service in this new and untried field, five men who, on the whole, are so well equipped for their duties, so impartial, and able in so short a time to organize the work on an effective basis. In this connection it is important to keep in mind the fact that the functions of the Tariff Board are *administrative* and *judicial*, that its members were not selected as technical experts in any one field of industry, that the work of technical investigation will be done by many experts employed for this purpose by the Board, and that the highest function of the Board will consist in weighing the evidence thus gathered, in reaching sound conclusions thereon, and in embodying all essential facts in its reports. In this respect the Board acts as a Court of First Instance, to review the evidence gathered by its experts, and to pass judgment thereon. It thus fulfills the functions of a Commission appointed by a Court of Justice to make findings of fact for the information of the Court. Briefly the motto of the Board might be "To furnish facts, not opinions." Congress is and will remain the Court of Final Judgment, which will receive the findings of the Tariff Board and take such action thereon, if any, as in the judgment of Congress may appear to be necessary or expedient.

The view has been expressed that each member of the Board should be an expert in some one field, the investigation of which would be referred to him, and that the Board should consist of 15, 20, or even 30 members; but reflection will show that under this plan there would be no unity or co-operation in the work, that in effect the report on each subject would be by a Subcommittee, and that the final result would be a series of unrelated and possibly discrepant conclusions and reports. The plan actually adopted wisely avoids this danger by making the whole Board a reviewing body to pass judgment upon the voluminous facts gathered and submitted by the experts employed for this part of the work, all five members of the Board thus participating in every conclusion reached and judgment rendered. Thus far the final decisions of the Board have in every case been unanimous.

2: THE STAFF.

FOR the technical investigations which the work involves, the Board utilizes the services of trained experts, carefully selected with reference to their ability and past experience in each line of investigation taken up, and the experience thus far indicates that men possessing the requisite experience, skill and knowledge can be secured on fair terms. Members of our Committee passed in review every important employee of the Board (except those absent on field work), investigated their duties, ascertained the salaries paid, and thus informed themselves generally concerning the business organization and methods thus far developed. The resulting impression was unexpectedly satisfactory, and fully justifies the statement that the administration of the work of the Tariff Board is on a sound, economical, and businesslike basis, which does credit to the members of the Board and demonstrates conclusively their fitness to perform the *executive* function which their duties involve. Their equal fitness to perform, intelligently and impartially, the *judicial* function, which constitutes the other and greater part of their duty, may be judged from the two reports which they have thus far rendered and which are referred to in detail in the Supplement.

The development of the staff is shown in detail in the Supplement, but is summarized in the following table, which shows the

total number of employees, of all kinds, on the several dates mentioned, viz.:

| | |
|--|----|
| April 1, 1910, at completion of work on maximum and minimum schedules..... | 12 |
| October 1, 1910, permanent work fairly organized | 25 |
| January 15, 1911..... | 70 |
| May 15, 1911..... | 80 |

The present staff is as large as justified by the present annual appropriation, a considerable part of which is absorbed by other expenses incident to the work. The present organization appears to be large enough for efficiency and good economy, but, if more rapid progress is desired, it would seem feasible for the Board to accomplish it in case Congress should see fit, for this purpose, temporarily to increase the appropriation.

3: SCOPE AND PROGRESS OF WORK.

OUR Committee, although previously familiar with the subject, was deeply impressed by the immense complexity and scope of the work which the Tariff Board has undertaken, and also by the progress already made in creating an organization for its effective conduct, and by the volume of work accomplished in the past eight months, or since October 1, 1910, when the Board was first effectively organized. The actual achievement during this short period justifies the prediction that the work on other important schedules can be completed in similar periods or less, and on the simpler schedules in proportionately shorter time. If Congress should deem it desirable that work on all of the schedules should be conducted coincidently, and should make the additional appropriation thus implied, the Tariff Board undoubtedly could arrange accordingly and thus accelerate the completion of work on all the schedules. When the initial work thus implied has once been completed, the continuing work of keeping it revised and corrected to date will be relatively easy and simple.

The situation at this date may be summarized as follows, viz.:

The Tariff includes fourteen schedules, lettered from A to N inclusive.

"Glossary work" has been started as to twelve of these

schedules, is well advanced, and probably will be nearly completed by the close of this year.

"Field work" has been started as to four schedules, on which it is planned to consolidate until these are completed, whereupon work on others will be begun. The schedules referred to are: K (Wool and Woolens), A (Chemicals), N (Paper and Pulp), and I (Cotton Manufactures).

With the present appropriation of \$250,000 per annum, it seems probable that all of the work of original research, covering all of the fourteen Tariff Schedules, will be completed within three years or a little more, say by December 1, 1914. When the original work has thus been completed, the labor and cost of keeping it closely corrected to date will be relatively small.

4: COERCIVE POWERS.

THE Tariff Board at present has no power to compel the giving of testimony, and thus far has found no need for such authority. The manufacturers who have been approached thus far have given the Board, voluntarily, free access to their books and records, and cordial co-operation in ascertaining and verifying all facts pertinent to the inquiry in hand. Tenders of similar co-operation from producers in other lines are being received, with every indication that the experience above referred to will be repeated with each new industry as it is taken up. These facts are a credit to American manufacturers, and justify the belief that they do not shun investigations of this kind, that they ask no unfair favors, and that they desire that future Tariff Schedules shall be framed with knowledge of all the facts and with fair regard for the interests of all the people. All interested in or affected by the Tariff should welcome the creation of an impartial and competent tribunal for this purpose.

While the Board thus far has found no need for coercive power in the procurement of evidence, we regard it as desirable that the Board should have conferred upon it the qualified power in this respect contemplated in the Bill making permanent the organization of the Board which was favorably considered by each House of the last Congress.

5: REPORTS.

THE Board has already filed two reports, (1) on "Canadian Reciprocity," and (2) on "Pulp and News-print Paper." It proposes in each future report to cover one, or possibly several, schedules, until all of these have been completed. Obviously it cannot and should not report concerning any schedule until its investigations relating thereto have substantially been completed, for until then the members of the Board are not in position to pass in review the completed work of the experts, and to make final report thereon. To ask the Board to report before the completion of the investigations on which its report must be based, would be equivalent to asking a Court of Justice to render a verdict upon a case before it after hearing only a fraction of the available and essential evidence.

Our Committee is satisfied that the Board is working with great diligence, and with as great rapidity as thus far has been consistent with thoroughness and sound results, but, under a larger appropriation, as pointed out elsewhere, the work could now be considerably accelerated if Congress so desires. In this connection the Chairman of the Board has recently made the following statement, with which we concur, viz.:

"It would be inconsistent to expect of any such body that it should adopt the new standard of thoroughness demanded of it, and yet be prepared to make a complete and carefully matured report on any subject at a moment's notice. Such investigations are arduous, and involve the collection of a vast amount of data from many parts of the world, and when these data are received, they require careful tabulation and analysis before they can be scheduled properly for a report.

"On the other hand, a Tariff Board should confine itself within the field of the practical, and realize that with due diligence promptness may be combined with accuracy. Furthermore, as such work progresses, it may be pushed with increasing rapidity as the machinery of investigation which had to be created anew for the first inquiries is available and in improved working order for each new task."

Commenting on one of the issued reports, an official of the Royal Imperial Ministry of Commerce of Austria, regarded in Europe as a leading authority on Tariff questions, says:

"The report is excellent and in line with the latest theory, and I know of no European publication which so correctly in-

terprets the most important features of the question of commercial policy as does your report on the paper industry. This is a very good beginning, and I already see that you will soon leave all the European Government Departments far behind in the publication of model reports on questions of commercial policy. This report will attract great attention in Europe."

Referring to the same report, the President of the American Paper and Pulp Association, which, through its officers, gave willing and valuable aid to the Board, has asked for 800 copies of the report, and says: "I consider it a most valuable book, which should be in the possession of every manufacturer."

The observations of our Committee confirm and justify these favorable comments. We believe that the reports of the Tariff Board, as they are issued, will prove to be of great value not only to Congress and the Executive Departments of the Government, but also to American producers, in all fields of industry, collectively and individually. We predict that this opinion will be endorsed by the latter as rapidly as they have opportunity to receive and study the reports relating to their respective lines of industry.

At present the Tariff Board exists only by executive order, and, therefore, its reports are addressed to the President through the Secretary of the Treasury. It is earnestly to be hoped that at an early date Congress will enact a law making the Tariff Board a permanent part of the machinery of the Federal Government, and in so doing Congress presumably will make provision whereby the Board shall, on request, report directly to Congress, or to either House thereof, concerning any matter within its field of investigation and concerning which its work has been completed, or is sufficiently advanced to enable it to respond to such a call.

6: EXPENDITURES AND APPROPRIATIONS.

CONGRESS appropriated \$75,000 for the use of the President in securing information in the manner authorized in Article 718, Section 2, of the Payne-Aldrich Bill, of which over \$25,000 was unexpended on June 30, 1910. The net expenditure of the Tariff Board up to the latter date was thus under \$50,000.

Congress next appropriated the sum of \$250,000 for the expenses of the Tariff Board during the fiscal year commencing

July 1, 1910. It is estimated that about \$50,000 of this will be unexpended on June 30, 1911. The net expenditure for the fiscal year will thus be within \$200,000.

The total expenditures from the beginning to July 1, 1911, will thus be within \$250,000.

As the work of the Board is now organized (June, 1911), the expenditure involved is at a rate about equivalent to the present appropriation. As a similar appropriation exists for the next fiscal year, it will thus suffice for the continuance of the work at the present rate.

In conclusion, our Committee finds that the Tariff Board is composed of able, impartial and earnest men, who are devoting their energies unreservedly to the work before them; that the staff has been carefully selected for the work in view, is efficiently organized and directed, and includes a number of exceptionally competent technical experts; that the scale of salaries is reasonable, indeed very moderate, and that all other expenditures are closely scrutinized and appear to be equally reasonable; that the work of the Board, vast and intricate in detail, is already highly organized, well systematized, and running smoothly; and that Congress and the people can now await the completion of that work with entire confidence that it is progressing as rapidly as consistent with proper thoroughness, and that it will amply justify all of the time and expense which it entails. We believe that the value of the work, when completed, will be so great and so evident as to leave remaining no single doubt as to the expediency of maintaining it as a permanent function of the Government for the benefit of all the people.

SUPPLEMENT

THE Tariff Act of August 5, 1909, commonly known as the "Payne-Aldrich Bill," contains in Art. 718, Sec. 2, the following provision:

"To secure information to assist the President in the discharge of the duties imposed upon him by this section [that is, relating to the application of the maximum and minimum rates] and the officers of the Government in the administration of the customs laws, the President is hereby authorized to employ such persons as may be required."

Under the authority thus given, the President, by a letter dated September 14, 1909, appointed three persons to assist him in the manner contemplated by the Act, and designated them as constituting "The Tariff Board." The persons so appointed were:

PROFESSOR HENRY C. EMERY (Chairman), Professor of Political Economy in Yale University.

ALVIN H. SANDERS, Editor of the "Breder's Gazette" (a leading agricultural journal), and for thirty years a student and writer on agricultural subjects.

JAMES B. REYNOLDS, Assistant Secretary of the Treasury, and, for some four years previous, in charge of customs.

The members of the Board met for the first time September 24, 1909, and at this meeting issued a letter to importers concerning the application of the maximum and minimum provisions of the new Tariff Law. About October 15th the Board received instructions from the President, through the Secretary of the Treasury, to proceed to investigate and report concerning the application of Art. 718, Sec. 2 of the Tariff Act to our treaties with foreign nations, and to assist the Department of State in conducting the negotiations relating thereto, the instructions stating that, when this work was completed, the Tariff Board should then apply itself to ascertaining the costs of production, at home and abroad, of all articles covered by the Tariff Schedules.

The work relating to the application of the "maximum and minimum" provisions of the Tariff Act involved an exhaustive investigation of all commercial treaties with all nations, and the provisions of the Act required that this work must be completed by April 1, 1910. The work thus involved occupied the Tariff Board exclusively until that date, by which time it had successfully been completed. It involved the analysis of the tariffs of every other country, most of them expressed in foreign languages, measures and values. The negotiations conducted by the State Department, with the assistance of the Tariff Board as to technical matters, were of vast importance to the commerce and industry of the country. They removed all undue discriminations against the United States, without resort to reprisals by the application of the maximum tariff rates, and resulted in many tariff concessions from other countries which we had never before enjoyed. The benefits thus secured were vast and lasting, thus saving the country from tariff wars, and they were well worth all they cost in time and money. And yet some persons, not appreciating these facts, and ignoring the order of the President that the Tariff Board should devote itself exclusively to this work and complete it before beginning its investigation of "costs," criticized and condemned the Board because it had not, forthwith upon its creation, applied itself to the latter work. On April 1, 1910, when the Board had thus completed the work first assigned to it, its employees were 12 in number.

For the work assigned to the Tariff Board Congress appropriated the sum of \$75,000 for the fiscal year ending June 30, 1910, of which on the latter date \$25,795.80 was turned back into the Treasury unexpended.

Upon the completion of its initial work, April 1, 1910, the Tariff Board was unable to formulate its further plans by reason of the fact that no appropriation existed for the continuance of its work after June 30, 1910. By an Act passed June 25, 1910, Congress appropriated the sum of \$250,000 for the expenses of the Tariff Board during the fiscal year commencing July 1, 1910. Anticipating the chronological sequence of events, it may be stated here that the unexpended balance of this appropriation on May 1, 1911, was \$112,004.28 (excluding the April payroll, due

but not paid), and that it is now estimated that the total expenditures for the fiscal year ending June 30, 1911, will not exceed \$200,000, thus leaving \$50,000 of the appropriation unexpended. As the work is now organized, however, the full amount of the present appropriation is needed and is being effectively used.

On May 11, 1910, Professor Emery went to Europe to lay the foundations for the future work of investigation there, and to study European methods of conducting Tariff investigations. He spent most of his time in Germany and Austria, with brief visits to London and Paris. He returned July 16th.

On June 14th Mr. Reynolds went to Europe in order to utilize his previously acquired experience and acquaintance with the Special Agents of the Treasury Department, and to secure the benefit of their experience and knowledge in matters pertaining to foreign costs of production. Also to arrange for securing a full line of samples of certain European products needed in the textile investigation. His trip covered numerous places in France, Italy, Switzerland and Great Britain. He returned October 1st.

During the Summer of 1910 Mr. Sanders remained in Washington and devoted his time to finding men qualified to serve on the staff of the Tariff Board. Their selection demanded great care and much investigation. The work proposed was new, serious, wide in scope, highly technical, and its ultimate success depended upon the ability of the Board to secure men of the right abilities and experience. That they have been successful in doing so is demonstrated by the facts set forth in the Report.

The first definite appointment of a technical expert was made in July, 1910, the position involving charge of the foundation work relating to Schedule K (Wool and Woolens), which thus was the first schedule to receive attention. In August another appointment was made of a Special Agent who was sent to Australia to study and report on the wool industry of that country.

On September 6, 1910, Chairman Emery submitted a report to the Secretary of the Treasury giving the results of his European trip and of his investigation of European methods. During this month the "Glossary" work was started and the Field

force organized by the appointment of some eight or ten picked men.

The "Glossary" work above referred to had its origin in the instructions given by the President to the Board, that, in connection with its other work, the Board should "translate the Tariff into plain English" by showing the ad valorem equivalent of every rate embraced in the Tariff schedules, whether such rate, as fixed by the law, is specific, ad valorem, or compound. In carrying out this plan the Board has found it expedient to incorporate with it a large amount of additional statistical data, necessary for its work and of great public interest. As a result the "Glossary," when completed, will show, as to each important article of product enumerated in the Tariff Law, the following facts, viz.:

- Kind of material,
- History and development of the industry,
- Geographical distribution of the industry,
- Technical description of product,
- Technical description of processes employed—domestic and foreign,
- Uses, for consumption or for further manufacture.
- Statistics of production—domestic and foreign,
- Existing duty, and ad valorem equivalent,
- Previous duties, and ad valorem equivalents.

The greater part of this work of compilation is already done, and it is expected that the "Glossary" will substantially be completed by January, 1912, and thereafter will be published in sections, each covering the facts relating to one or several Tariff Schedules, and issued coincidently with the report of the Board on such schedules. Most of the statistical material needed was already in existence, although it had never before been combined and utilized in the manner now proposed.

The "Glossary," when completed, will be a mine of information for Congress and the people on all statistical subjects relating to the Tariff, and will be invaluable in all future work of tariff revision. While its original preparation has entailed a vast amount of work, its value will amply justify the moderate cost entailed. The work of keeping the "Glossary" complete and

corrected to date in the future will be comparatively light and inexpensive.

On October 1, 1910, the Tariff Board was fairly organized, all three of its members were again at home, it had 25 employees selected and engaged and its "Field work" was planned and started. This date marks the real commencement of the work of the Board in investigating and determining "costs of production at home and abroad." Practically all that the Board has accomplished in this its permanent field of operations has been accomplished since October 1, 1910.

The term "Field work" used above relates to the work of experts employed by the Board in visiting industrial plants, at home and abroad, to investigate their products and processes, and, by personal inspection of their books and records, to obtain, at first hand, all information essential to determining, on a *uniform basis* for each industry, previously planned by the Board, the actual cost of production for each product investigated.

On January 1, 1911, the staff of the Tariff Board was well organized and its work in full swing, the number of names on the payroll being 70. The Senate, by a resolution adopted February 23d, called on the Board for an immediate report on the then pending Canadian Reciprocity Bill, and on Farm Products. By calling in men from field work, and by working nights and a Sunday, this report was completed in five days, and was handed in on February 28th. It covers 132 printed pages and is fully responsive to the resolution.

During the short session of the Sixty-First Congress, ending March 4, 1911, several Bills were introduced intended to make the Tariff Board permanent, increasing its number to five, and more clearly defining its powers. A Bill to this effect was adopted by each House of Congress, in slightly different forms, but failed of final enactment during the last hour. It is greatly to be hoped that a Bill of this kind may be passed by the present Congress, at the earliest practicable date, thus guaranteeing the permanence of the Tariff Board and its work, and removing both from the field of partisan politics.

On March 4, 1911, President Taft appointed two additional members of the Tariff Board, thus raising its membership to

five, and in doing so selected Democrats, the three previous appointees being Republicans, thus giving practical effect to two of the provisions of the Bill above referred to. The two new appointees were:

PROFESSOR THOMAS W. PAGE, Professor of Economics in the University of Virginia, and previously Dean of the College of Commerce, University of California; and

HON WILLIAM M. HOWARD, for fourteen years a Member of the House of Representatives, from Georgia, and a Member of the Foreign Relations Committee in the Sixty-First Congress.

On May 15th, seven and one-half months after its effective organization, the Board handed in its first completed report on a Tariff Schedule. This is a report of 134 printed pages on "The Pulp and News-Print Paper Industry," and can properly be regarded as a specimen of the work which the Board can accomplish. As such it should be noted carefully by all American manufacturers. It will be referred to in detail later. On this date the number of names on the payroll of the Board was 78, including 31 men engaged in "Field work," four of the latter being in Europe, and the remainder in domestic plants.

The Tariff embraces fourteen schedules, designated by letters A to N. The first selected for investigation was Schedule K, Wool and Woolens. The work on this will be finished, as to raw wool for all countries, during July, and it is expected to have the remaining work, relating to Woolen Manufactures, completed, including the "Glossary," so that the entire report will be finished and available by December, 1911. The work is very broad in its scope, has disclosed numerous discrepancies and errors in previously accepted authorities, and will have great permanent value. Work was next started on Schedules M (Paper & Pulp), A (Chemicals), and I (Cotton Manufactures). The work on the first of these is now about 80 per cent. completed, on the second about 40 per cent., and on the third about 33 per cent. Work has not yet been commenced on any of the other schedules, except that the "Glossary work," as above stated, for all schedules, is well advanced towards completion. By the same date the Board expects to submit its report on Schedule I (Cotton Manufactures), complete with "Glossary," and the "Glos-

sary" relating to Schedule A (Chemicals), which will be of exceptional importance because of the relations of this Schedule to many others. The whole field force of 31 experts is now engaged on the textile schedules, K and I, in the domestic and foreign markets, and the work of the Board is being conducted on as large a scale as is justified by the present appropriation.

The Tariff Board hopes to utilize, in connection with Schedule C (Iron and Steel) and Schedule D (Lumber), much of the data heretofore accumulated by the Bureau of Corporations of the Department of Commerce and Labor. It is greatly to be desired that the work of the two Bureaus, where it overlaps, should be so co-ordinated as to avoid needless duplication and to advance the purposes of both.

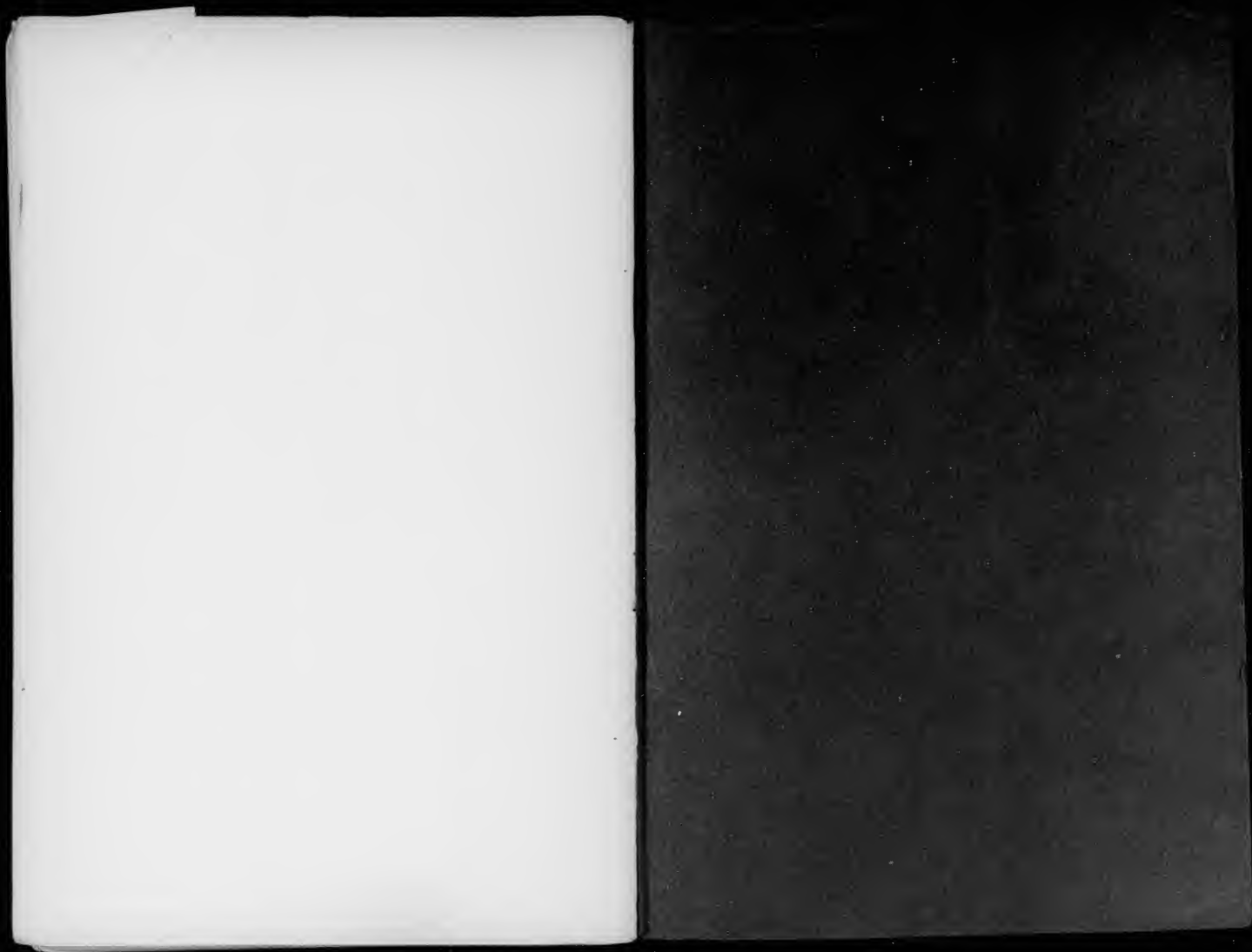
Work on the subjects covered by Report No. 1, on the Pulp and Paper Industry, above referred to, began October, 1910, and the Report was forwarded to the President May 15, 1911. In the "Field work" from five to eight experts were employed, during an average of about three months. In the office work two persons were employed about one month in the preparation of the necessary forms, two persons about one week in visiting plants to verify the correctness of these forms, and twelve persons about two months in digesting and tabulating the data obtained by the field force. In this industry every domestic manufacturer who was called on responded unreservedly to the requests of the Board, except one small manufacturer, who, however, consented later. This was done not by furnishing *ex parte* statements (as in Congressional investigations heretofore undertaken), but by opening their *books* to the field representatives of the Tariff Board, and by permitting the latter to obtain all desired information, and to verify its correctness by all necessary checks. All of this was accomplished by the voluntary co-operation of the manufacturers, and without the possession by the Board of any coercive powers. This experience was repeated in Canada, where, after some reluctance at first, the manufacturers co-operated with equal willingness and unreserve. The data thus obtained relating to the Pulp and Paper Industry covered 80 per cent. of the domestic production and 78 per cent. of the Canadian production.

As illustrative of the value and possibilities of the work of the Tariff Board, this Report (of 134 pages) may be compared with the Special Report of the Sixtieth Congress, Second Session, House Document No. 1502, relating to the same subject, which is embraced in five volumes, containing 3,366 pages, and an index volume of 284 pages, the investigation having commenced in April, 1908, and closed in March, 1909. The essence of this Report of the Tariff Board is contained in Tables 4 and 5 on page 28, and in Table 17 on page 52. The facts contained in these tables afford a sounder basis for intelligent action by Congress than has ever heretofore been available, although the Report is replete from beginning to end with useful and enlightening data. One of the significant facts brought out is the wide discrepancy in plant efficiency, due partly to size and location, but chiefly to quality of equipment. The evidence thus developed should have a wholesome influence in stimulating all owners of plants of low efficiency to secure the obvious benefits to be obtained by conforming them to the best modern practice.

It is already apparent that the co-operation of manufacturers, given so unreservedly in the Paper and Pulp investigation, can confidently be looked for in other industries. It has definitely been tendered by leading interests identified with the cotton, woolen, steel, and chemical industries. The reluctance of manufacturers to co-operate, which at first was anticipated, if it ever existed is yielding to the influence of experience and good judgment, and bids fair ultimately to disappear. The producer who believes that he needs and should have protection should be willing to furnish facts in support of this plea, and the experience thus far tends to show that a majority, if not all, of those interested in the Tariff are ready to assist the Tariff Board in ascertaining impartially, accurately and completely all of the essential facts in each industry involved. With this co-operation assured, we are convinced as to the ability of the Board to accomplish the important work for which it has been created.

The organization of the Tariff Board on May 26, 1911, was as follows:

| | |
|---|----|
| Members of the Board..... | 5 |
| Executive Secretary of Board..... | 1 |
| Private Secretaries to members and Official Reporter..... | 2 |
| File Clerk | 1 |
| Assistant File Clerk..... | 1 |
| Statistician | 1 |
| Technical Experts in field (1 in Europe)..... | 3 |
| Chief Examiners in field (both in Europe)..... | 2 |
| Representatives in field (1 in Europe)..... | 4 |
| Statistical Clerk and Chart Maker..... | 1 |
| Statistical Clerk and Stenographer..... | 1 |
| Statistical Clerks | 2 |
| Agents in field..... | 18 |
| Examiners in field | 3 |
| Examiners in office | 4 |
| Chief Examiner in office..... | 1 |
| Stenographers in office..... | 8 |
| Librarian | 1 |
| Clerks | 10 |
| Special employee (loaned by N. Y. Custom House)..... | 1 |
| Technical Expert in office..... | 1 |
| Messenger | 1 |
| Assistant Messengers | 3 |
| Telephone Operator | 1 |
| Charwomen | 2 |
| <hr/> | |
| Total | 78 |



THE NATIONAL TARIFF COMMISSION ASSOCIATION

Directors :

- JOHN CANDLER COBB, Boston, Mass.,
Vice-President Boston Chamber of Commerce.
- J. J. CULBERTSON, Paris, Texas,
President Southern Cottonseed Crushers' Association.
- CHAS. M. JARVIS, New Britain, Conn.,
President American Hardware Corporation.
- ALBA B. JOHNSON, Philadelphia, Pa.,
Vice-President Baldwin Locomotive Works.
- JOHN KIRBY, JR., Dayton, Ohio,
President National Association of Manufacturers.
- H. E. MILES, Racine, Wis.,
*Ex-President National Association of Implement
and Vehicle Manufacturers.*
- D. M. PARRY, Indianapolis, Ind.,
President Parry Auto Company.
- DR. E. V. ROBINSON, Minneapolis, Minn.,
The University of Minnesota.
- FRANCIS T. SIMMONS, Chicago, Ill.,
*Member Executive Council, Chicago Association of
Commerce.*
- D. A. TOMPKINS, Charlotte, N. C.,
President D. A. Tompkins Company.
- HENRY R. TOWNE, New York,
President Merchants' Association of New York.
-

HENRY T. WILLS, Secretary,
66 Lafayette Street, New York.

**END OF
TITLE**